

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the goal is that the cost of expenses, including both operations and capital, are financed or recovered primarily through user related charges. Capital purchases are not budgeted as expenses; in accordance with Generally Accepted Accounting Principles, they are depreciated over the useful life of the asset. Individual operations which the City of Annapolis has designated as Enterprise Funds include the Water, Sewer, Off Street Parking, Dock, Market, Transportation, Stormwater Management and Refuse Funds.

The City's goal is for enterprise funds to establish rates which provide for self-sufficiency.

Enterprise Funds

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Water Fund

The Water Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's water plant and water distribution system. The fund's primary source of revenue is from user charges levied on water customers. Another primary source of revenue is the capital facility assessment; this is the fee charged to customers for maintenance of the City's water system. It is billed to the property owner over a period of thirty years and is used solely for water system improvements.

The Water Fund consists of two divisions: Water Plant and Water Distribution. The Water Plant is responsible for the production, treatment, testing, storage, and initial distribution of all potable water for customers of the City. The Water Distribution division is responsible for meter reading and operating, maintaining and repairing the City's 125 mile water distribution system, including service lines, water meters and fire hydrants.

<i>Water Fund Revenues</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Water Charges	\$3,617,640	\$3,601,320	\$3,640,000	1.07%
Rents and Concessions	70,240	33,600	33,600	0.00%
Adjustment for Non-Operating Revenue	(52,560)	(296,310)	(355,040)	19.82%
Capital Facilities	588,780	444,300	480,000	8.04%
Other	110,990	0	0	??
Total Revenues	\$4,335,090	\$3,782,910	\$3,798,560	0.41%

<i>Water Fund Expenses</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Personnel	\$1,457,680	\$1,456,200	\$1,484,010	1.91%
Other Operating Expenses	1,416,930	1,526,510	1,642,710	7.61%
Debt Service	628,410	800,200	671,840	-16.04%
Capital Outlays	90,490	0	0	N/A
Total Expenses	\$3,593,510	\$3,782,910	\$3,798,560	0.41%

Enterprise Funds

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Sewer Fund

The Sewer Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's sewage collection and treatment program. The fund's primary source of revenue is from user charges levied on sewer system customers. Another primary source of revenue is the capital facility assessment; this is the fee charged to customers for maintenance of the City's sewer system. It is billed to the property owner over a period of thirty years and is used solely for sewage conveyance system improvements.

The Sewer Fund consists of two divisions: Sewer Plant and Sewer Collection. The Sewer Plant accounts for the City's share of operating expenses for the treatment of all wastewater generated by City customers and certain Anne Arundel County customers at the Annapolis Wastewater Treatment Plant, which is owned jointly by Annapolis and Anne Arundel County. The Sewer Collection division is responsible for operating, maintaining and repairing the City's 125 mile sewage conveyance system, including twenty-four pumping stations.

<i>Sewer Fund Revenues</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Sewer Charges	\$5,108,420	\$4,896,580	\$4,950,000	1.09%
Adjustment for Non-Operating Revenue	1,040	(131,860)	(303,880)	130.46%
Capital Facilities	550,460	339,600	374,600	10.31%
Other	85,930	0	0	N/A
Total Revenues	\$5,745,850	\$5,104,320	\$5,020,720	-1.64%

<i>Sewer Fund Expenses</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Personnel	\$571,010	\$758,560	\$602,510	-20.57%
Contract services	2,250,150	2,575,990	2,590,990	0.58%
Other Operating Expenses	1,021,650	773,950	1,058,700	36.79%
Debt Service	660,570	797,820	728,520	-8.69%
Capital Outlays	45,000	198,000	40,000	-79.80%
Total Expenses	\$4,548,380	\$5,104,320	\$5,020,720	-1.64%

Enterprise Funds

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Off Street Parking Fund

The Off Street Parking Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's Municipal Off Street Parking facilities. These parking facilities include two parking garages (Hillman Garage and Gott's Court Garage) and two parking lots (Larkin and South Street). This fund is totally self-supporting, producing an annual surplus. The fund's primary source of revenue is from parking fees generated by the parking garages. Together, Hillman Garage and Gott's Court Garage parking fees account for about 95% of the fund's revenue.

The City maintains a contractual agreement with a parking management company for the day-to-day operations of all parking facilities; 38.7% of total costs are for professional services as opposed to personnel costs.

<i>Off Street Parking Fund Revenues</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Off Street Parking Charges	\$1,945,770	\$2,050,000	\$2,022,800	-1.33%
Interest Earnings	176,860	0	0	N/A
Other	70	(44,310)	100,000	N/A
Total Revenues	\$2,122,700	\$2,005,690	\$2,122,800	5.84%

<i>Off Street Parking Fund Expenses</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Contract Services	\$519,620	\$538,000	\$555,000	3.16%
Other Operating Expenses	577,530	120,470	111,870	-7.14%
Debt Service	752,830	1,185,240	1,168,850	-1.38%
Internal Administrative Accounts	(577,910)	(138,020)	(398,310)	188.59%
Subsidies	0	0	0	N/A
Total Expenses	\$1,272,070	\$1,705,690	\$1,437,410	-15.73%

Enterprise Funds

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Dock Fund

The Dock Fund is an enterprise fund used to account for all financial activity associated with the management and control of the City's waterways, including slips and mooring buoys, showers and restrooms for boaters, sewage pump-out facilities for boaters, and maintenance of the City Dock area. This fund is totally self-supporting, generating an annual surplus. The Dock Fund's primary source of revenue is from slip charges. These are fees charged for mooring at a City Dock boat slip, based on the number of hours that the boat stays in the slip.

<i>Dock Fund Revenues</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
State Operating Grants	\$102,150	\$55,000	\$75,000	36.36%
Dock Charges	757,320	821,500	851,500	3.65%
Adjustment for Non-Operating Revenue	0	0	0	N/A
Total Revenues	\$859,470	\$876,500	\$926,500	5.70%

<i>Dock Fund Expenses</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Personnel	\$308,240	\$309,220	\$311,620	0.78%
Other Operating Expenses	253,570	268,530	225,840	-15.90%
Debt Service	127,190	93,490	91,720	-1.89%
Capital Outlays	0	0	0	N/A
Total Expenses	\$689,000	\$671,240	\$629,180	-6.27%

Enterprise Funds

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Market House Fund

The Market House Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's Market House, an enclosed pavilion housing vendors who sell a wide variety of carry-out, affordable foods and beverages. This fund is totally self-supporting. The fund's revenue is from rent paid by the vendors. Primary expenses are electricity and repairs and maintenance.

<i>Market Fund Revenues</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Market Charges	\$110,450	\$116,770	\$102,000	-12.65%
Total Revenues	\$110,450	\$116,770	\$102,000	-12.65%

<i>Market Fund Expenses</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Personnel	\$13,470	\$15,000	\$15,000	0.00%
Debt Service	6,590	4,470	4,460	-0.22%
Other Operating	64,410	97,300	82,540	-15.17%
Total Expenses	\$84,470	\$116,770	\$102,000	-12.65%

Enterprise Funds

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Transportation Fund

The Transportation Fund is an enterprise fund used to account for all financial activity associated with the operation and maintenance of the City's public transportation system. This fund usually operates at a significant deficit which is offset by subsidies from other funds. The fund's primary source of revenue is from transit charges. Federal and State Grants also account for a large portion of revenues.

The Transportation Fund consists of three divisions: Administration, Transit Operations, and Maintenance. The Administration division is responsible for operational planning and service management, grants management, and taxi and pedicab licensing and regulation. The Transit Operations division is responsible for operating an effective and efficient public transit system in accordance with all state and federal regulations. The Maintenance division is responsible for the repair and maintenance of all service and support vehicles, facilities and equipment.

<i>Transportation Fund Revenues</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Federal Operating and Capital Grants	\$1,051,700	\$1,481,000	\$1,481,000	0.00%
State Operating and Capital Grants	892,890	869,000	669,000	-23.02%
County Operating and Capital Grants	18,420	0	0	
Transportation Charges	782,010	790,000	790,000	0.00%
Capital Contributions	151,750	0	0	N/A
Other	437,270	158,000	210,000	0.00%
Total Revenues	\$3,334,040	\$3,298,000	\$3,150,000	-4.49%

<i>Transportation Fund Expenses</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Personnel	\$2,637,350	\$2,521,510	\$2,669,530	5.87%
Other Operating Expenses	1,349,750	1,181,810	1,181,440	-0.03%
Debt Service	27,690	23,690	22,060	-6.88%
Capital Outlays	83,880	0	15,000	N/A
Total Expenses	\$4,098,670	\$3,727,010	\$3,888,030	4.32%

Enterprise Funds

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Stormwater Management

The Stormwater Management Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's storm water facilities. This fund is totally self-supporting. The fund's primary source of revenue is a utility charge levied on water customers. Revenues generated directly support the Storm Water Utility. Additional work such as upgrading of existing storm drain systems, development of drainage basin studies, water quality improvements, administrative costs and construction of major Capital Improvements are required under the Clean Water Act.

<i>Stormwater Management Fund Revenues</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Stormwater Charges	\$0	\$0	\$240,620	N/A
Other	0	0	0	N/A
Total Revenues	\$0	\$0	\$240,620	N/A

<i>Stormwater Management Fund Expenses</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Personnel	\$0	\$0	\$147,520	N/A
Other Operating Expenses	0	0	93,100	N/A
Total Expenses	\$0	\$0	\$240,620	N/A

Enterprise Funds

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Refuse Fund

The Refuse Fund is an enterprise fund used to account for all financial activity associated with the operation of the City's residential refuse, yard waste, recycling, and bulk disposal systems. This fund is self supporting, through refuse charges paid by residential customers. The Fund's primary expense, aside from personnel costs, is the landfill tipping fee paid to the County for the disposal of residential and bulk refuse. Another significant expense is the contract service cost incurred for curbside recycling.

The Refuse Fund consists of three divisions: Residential Refuse, Yard Waste Recycling and Curbside Recycling. The Residential Refuse division is responsible for the collection and transportation of solid waste from participating residential households to a disposal site. Residential refuse pickup is twice per week. The Yard Waste Recycling division is responsible for the bi-weekly collection of yard waste from participating residential households. Collected yard waste is ground into mulch which is available to the public free of charge. The Curbside Recycling division is responsible for the curbside collection from participating residential households of bottles, cans, plastic and newspapers, cardboard, and mixed paper (junk mail, advertisements, magazines, etc.), and the hiring of the contractor to perform these services.

<i>Refuse Fund Revenues</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Refuse Collection Charges - Residential	\$2,329,950	\$2,399,000	\$2,410,000	0.46%
Other	0	2,000	0	-100.00%
Total Revenues	\$2,329,950	\$2,401,000	\$2,410,000	0.37%

<i>Refuse Expenses</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Personnel	\$834,730	\$1,051,200	\$1,027,040	-2.30%
Contract Services	276,510	649,880	689,750	6.14%
Other Operating Expenses	1,197,160	776,170	937,890	20.84%
Capital Outlay	33,080	0	0	N/A
Total Expenses	\$2,341,480	\$2,477,250	\$2,654,680	7.16%

Debt Service Fund

Debt Service Principal and Interest Payments:

The tables below list the principal and interest payments for General Obligation Bonds and Loans for fiscal years 2003, 2004, and 2005.

<i>General Obligation Bonds</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Principal	\$2,825,000	\$3,635,000	\$3,864,660	6.32%
Interest	1,520,850	1,902,300	1,619,790	-14.85%
Total General Obligation Bonds	\$4,345,850	\$5,537,300	\$5,484,450	-0.95%

Loans

Principal	\$78,540	\$80,900	\$234,880	190.33%
Interest	37,240	34,920	32,490	-6.96%
Total Loans	\$115,780	\$115,820	\$267,370	130.85%

<i>Debt Service Summary</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>	<i>Percent Change</i>
Total Principal	\$2,903,540	\$3,715,900	\$4,099,540	10.32%
Total Interest	1,558,090	1,937,220	1,652,280	-14.71%
Total Debt Service	\$4,461,630	\$5,653,120	\$5,751,820	1.75%

Debt Service Fund

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Debt Service Requirements to Maturity

General Obligation Bonds

Fiscal Years 2005 - 2021

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2005	3,864,660	1,619,790	5,484,450
2006	3,554,580	1,484,080	5,038,660
2007	3,792,160	1,320,210	5,112,370
2008	3,439,840	1,192,080	4,631,920
2009	3,512,570	1,045,260	4,557,830
2010	3,125,420	929,720	4,055,140
2011	3,193,380	810,240	4,003,620
2012	3,266,410	687,710	3,954,120
2013	2,819,540	570,480	3,390,020
2014	2,867,780	465,830	3,333,610
2015	2,641,110	358,910	3,000,020
2016	1,940,000	255,410	2,195,410
2017	1,969,990	168,380	2,138,370
2018	2,000,010	77,800	2,077,810
2019	0	0	0
2020	0	0	0
2021	0	0	0
Total	\$41,987,450	\$10,985,900	\$52,973,350

Comparison of Full Time Equivalent Positions by Fund FY 2003 to FY 2005

The following tables summarize the changes in permanent positions from FY 2003 to FY 2005 for all funds.

<i>Permanent Positions by Fund</i>	<i>FTE</i>		
	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>
General	429	427	431
Water	23	23	23
Sewer	7	7	7
Off Street Parking	0	0	0
Dock	3	3	3
Market	0	0	0
Transportation	42	47	47
Stormwater Management	0	3	3
Refuse	22	22	22
Special Revenue	0	0	0
Grand Total	526	532	536

Comparison of Full Time Equivalent Positions by Department FY 2003 to FY 2005

The following tables summarize the changes in permanent positions from FY 2003 to FY 2005 for all departments.

<i>Permanent Positions by Department</i>	<i>FTE</i>		
	<i>FY 2003 Actual</i>	<i>FY 2004 Estimated</i>	<i>FY 2005 Proposed</i>
Mayor and Aldermen	15	14	14
Finance	26	27	27
Human Resources	7	7	7
Planning and Zoning	16	15	15
Central Services	5	5	5
Police	169	169	173
Fire	103	103	103
Neighborhood & Environ. Programs	0	20	20
Public Works	123	105	105
Recreation and Parks	20	20	20
Transportation	42	47	47
Grand Total	526	532	536

Summary of Position Changes FY 2004 to FY 2005

The following tables detail the changes in permanent positions from FY 2004 to FY 2005 for all departments.

<i>Permanent Positions by Department</i>	<i>FY 2004 Positions</i>	<i>Additions</i>	<i>Deletions</i>	<i>FY 2005 Positions</i>
Mayor and Aldermen	14	0	0	14
Finance	27	0	0	27
Human Resources	7	0	0	7
Planning and Zoning	15	0	0	15
Central Services	5	0	0	5
Police	169	4	0	173
Fire	103	0	0	103
Neighborhood & Environ. Programs	20	0	0	20
Public Works	105	0	0	105
Recreation and Parks	20	0	0	20
Transportation	47	0	0	47
Grand Total	532	4	0	536

* Four new permanent civil service positions are proposed for Police department; a Crime Lab Technician, a Crossing Guard Supervisor, a Special Events Coordinator, and a Major Crime Investigator, in order to provide four additional sworn officers for patrol.